

Message Text

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 8893

INFO AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

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E.O. 11652: N/A

TAGS: ELAB, MY, US

SUBJ: LAY-OFFS IN U.S.-OWNED ELECTRONICS FACTORIES

1. SUMMARY: TWO LARGE AMERICAN ELECTRONIC ASSEMBLY PLANTS IN MALAYSIA HAVE BEEN FORCED TO LAY OFF WORKERS. END SUMMARY.

2. TWO AMERICAN-OWNED ELECTRONIC ASSEMBLY PLANTS IN THE KUALA LUMPUR AREA HAVE ANNOUNCED LAY-OFFS OF EMPLOYEES BECAUSE OF THE GENERAL DOWN-TURN IN THE WORLD MARKET. THE FIRST, MONSANTO ELECTRONICS SENDIRIAN BERHAD, INFORMED EMBASSY ECON COUNSELLOR JAN 15 THAT IT WOULD LAY OFF 240 LINE WORKERS JAN 16, REDUCING ITS EFFECTIVE WORK FORCE TO 1,000. ITS OPERATIONS MANAGER SAID THAT MONSANTO ORIGINALLY INFORMED THE MINISTRY OF LABOR IN NOV. THAT IT WOULD HAVE TO LAY OFF PERSONNEL BUT DELAYED UNTIL JAN. AT THE MINISTRY'S REQUEST, HE SAID THAT AN ADDITIONAL 50 TO 75 SUPERVISORY PERSONNEL WILL HAVE TO BE LAID OFF IN MARCH. SEVERANCE PAY IS ONE WEEK'S SALARY IN LIEU OF NOTICE PLUS ONE WEEK'S SALARY FOR EVERY HALF- YEAR OF EMPLOYMENT WITH A MINIMUM OF THREE WEEK'S SALARY. MONSANTO HAS REDUCED ITS WORK WEEK TO FOUR DAYS OF TWO EIGHT-HOUR SHIFTS AND HOPES THAT NO FURTHER LAY-OFFS WILL BE NECESSARY.

3. TEXAS INSTRUMENTS (TI) MALAYSIA SDN. BHD. INFORMED ECON COUNSELLOR THIS MORNING (JAN 24) THAT IT WILL BE LAYING OFF
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500 WORKERS JAN 25, REDUCING ITS WORK FORCE TO 1,300. SEPARA-

TION PAY FOR HOURLY WORKERS IS ONE WEEK IN LIEU OF NOTICE PLUS TWENTY DAYS TO ONE MONTH ADDITIONAL, DEPENDING ON LENGTH OF SERVICE. SALARY WORKERS RECEIVE ONE MONTH IN LIEU OF NOTICE PLUS ONE MONTH FOR YEAR OF SERVICE. TI MALAYSIAN PLANT IS THE LAST OF TI'S OVERSEAS PLANTS TO REDUCE STAFF (TI HAS LAID OFF ABOUT 3,000 IN SINGAPORE AND TAIPEI).

4. IN A JAN 22 EDITORIAL THE MALAY LANGUAGE DAILY "UTUSAN MELAYU" STATED THAT TWO UNSPECIFIED U.S. ELECTRONICS FIRMS HAD PROMISED MALAYSIAN AMB TO U.S. KHIR JOHARI THAT THEY WOULD NOT RETRENCH THEIR WORKERS IN THE CURRENT DOWN-TURN. UTUSAN LAUDED THIS ACTION WHICH IT URGED ON OTHER FOREIGN FIRMS IN MALAYSIA, NOTING THAT THEY SHOULD NOT MAKE PROFITS DURING BOOM TIMES AND THEN SEEK TO ESCAPE DURING A SLIGHT (SIC) RECESSION.

5. COMMENT: LOCAL GOVT AND PRESS HAVE HAD THEIR EYES ON LAY-OFFS IN SINGAPORE AND HAVE EXPRESSED APPREHENSION OVER POSSIBLE EFFECT OF DOWN-TURN IN ELECTRONICS INDUSTRY ON MALAYSIAN PLANTS. THERE ALSO HAS BEEN CERTAIN AMOUNT OF VEILED ANIMOSITY EXPRESSED TOWARD "FLY-BY-NIGHT" FOREIGN ELECTRONIC FIRMS, SOME OF IT SPARKED BY MALAYSIAN LABOR MOVEMENT. MONSANTO AND TEXAS INSTRUMENTS ON OTHER HAND HAVE BEEN IN DIALOGUE WITH MINISTRY OF LABOR AND FIDA WHICH SEEM SATISFIED WITH EFFORTS TAKEN BY COMPANIES TO REDUCE SHIFTS AND DAYS WORKED WHERE POSSIBLE, RATHER THAN LAY OFF STAFF. LOCAL PRESS EXPECTED COMMENT FURTHER, NOW THAT SECOND LAY-OFF HAS OCCURRED.

UNDERHILL

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